

## Message Text

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ORIGIN ARA-17

INFO OCT-01 ADP-00 AID-20 SS-15 NSC-10 CIAE-00 DODE-00

INR-10 NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 EB-11

IGA-02 TRSE-00 /103 R

DRAFTED BY LA/ MRSD/ SCD: RGREENE: PDB: NLF

4/23/73 EXT. 22450

APPROVED BY LA/ MRSD - MR. LION

ARA/ NC - MR. FORRESTER

ARA/ NC - MR. STOCKMAN

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P 242239 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS PRIORITY

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E. O. 11652 N/ A

TAGS: SGEN, PINT, PEOR, VE, US

SUBJECT: INTERAMERICAN FOUNDATION AND FUNDASE

REF: CARACAS 3279

IAF CONSIDERED FUNDASE PROPOSAL AT MARCH 22 BOARD MEETING AND UNANIMOUSLY DETERMINED NOT TO FUND IT FOR FOLLOWING REASONS:

1. ALL IAF FY 73 FUNDS ARE OBLIGATED AND ALMOST DOLS 2 MILLION WORTH OF PROJECTS HAVE ALREADY BEEN APPROVED AGAINST THE FY 74 DOLS 3.7 MILLION ALLOCATION. THE FUNDASE PROJECT, AS PROPOSED, DOES NOT COMPARE FAVORABLY WITH OTHERS BEING CONSIDERED FOR THE USE OF IAF' S LIMITED PROGRAM FUNDS.

2. THE SMALL BUSINESS CREDIT PROGRAM, FOR WHICH DOLS 198,000 WAS REQUESTED, IS BEING EXPERIMENTED WITH ELSE-  
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WHERE. BOARD DID NOT SEE NEED TO DUPLICATE EXPERIMENT  
NOR FEEL IT SUFFICIENTLY PROVEN TO INVEST MONEY IN  
NON- EXPERIMENTAL PURPOSES AT THIS STAGE. MOREOVER, GIVEN  
RESOURCES AVAILABLE IN VENEZUELA, THE BOARD FELT FUNDASE  
SHOULD BE ABLE TO OBTAIN CONTINUING SUPPORT FOR ITS CREDIT  
PROGRAM FROM OTHER SOURCES.

3. THE MOTIVATION TRAINING PROGRAM INVOLVED A PROPOSED  
INVESTMENT OF DOLS 189,000 IN 18 MONTHS OF TRAINING FOR  
VENEZUELAN ( WHO WILL THEN CONDUCT IN- COUNTRY TRAINING)  
IN THE USE OF A TECHNIQUE WHICH IAF FELT IS OF QUESTION-  
ABLE SUITABILITY FOR THE EXPERIMENTAL PHASE OF THE  
PROJECT. USE OF " ACHIEVEMENT MOTIVATION" TRAINING TO  
INCREASE ENTREPRENEURIAL ACTIVITY IS WELL ESTABLISHED.  
HOWEVER, THE BOARD CONSIDERED THAT THE FUNDASE PROPOSAL  
TO USE ACHIEVEMENT MOTIVATION TRAINING TO MOTIVATE  
ENTREPRENEURS AND ADMINISTRATORS TOWARD PROBLEMS OF SOCIAL  
JUSTICE WAS NOT WELL SUITED TO THIS PURPOSE.

4. FUNDASE REQUESTED DOLS 191,000 FOR EVALUATION OF THE  
ACHIEVEMENT MOTIVATION TRAINING. A SIGNIFICANT PORTION  
OF THIS WOULD BE SPENT OVER THE NEXT 18 MONTHS, BEFORE  
THE PROGRAM IS EVEN IN OPERATION AND FOR THE SALARY OF  
MRS. CURIEL. THUS BOARD EXPRESSED CONCERN OVER THE HIGH  
ADMINISTRATIVE COST OF TRAINING PROGRAM AS WELL AS  
PROPOSAL THAT MAJORITY PARTICIPANTS WOULD BE FROM PUBLIC  
SECTOR. IAF FAVORS GREATER PRIVATE SECTOR PARTICIPATION.

5. EXCEPT FOR REFERENCE TO MRS. CURIEL'S SALARY, BOARD'S  
REASONS FOR REJECTING FUNDASE REQUEST ARE CONTAINED IN  
APRIL 10 LETTER FROM IAF PRESIDENT WILLIAM DYAL TO  
FUNDASE PRESIDENT MARCEL CURIEL. BOARD DECISION WAS MADE  
AFTER EXHAUSTIVE REVIEWS AND EXTENSIVE DISCUSSIONS. ROGERS

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**Concepts:**  
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